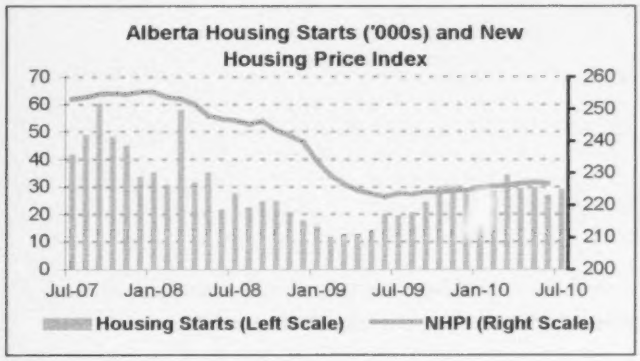
New Housing Market

Housing starts increase in July...

New housing starts in Alberta increased by 8.1% in July to 29,200 units (seasonally adjusted at annual rates), almost completely offsetting the 9.1% decline in June. New home building activity has been fairly strong for several months in Alberta, as interest rates remain low by historical standards and the economy continues to recover. With July's improvement, starts were up 50.5% over a year earlier.

Nationally, July starts fell 1.6% from June with declines in six of the ten provinces. The decline in housing starts in Ontario and British Columbia came as no surprise as the implementation of Harmonized Sales Taxes on July 1, 2010 was expected to lower starts in the two provinces.



Prices remain stable in June...

The New Housing Price Index (NHPI) for Alberta fell slightly (-0.1%) between May and June, pausing the gradual upward trend which began after prices bottomed out in June 2009. Compared to that level, prices were 1.9% higher in June 2010. Despite the improvements, the NHPI for Alberta remains 11.2% below its pre-recession peak which occurred in December 2007. Prices remained virtually unchanged in both Edmonton and Calgary during the month and were up 0.6% and 3.2% respectively, on a year-over-year basis. Nationally, new home prices continued to rise for the twelfth consecutive month in June (0.1%) and were 3.3% higher than a year earlier.

Motor Vehicle Sales

Sales increase in June...

New motor vehicle sales in Alberta rose for a second consecutive month in June, up 2.5% to 16,831 units. On a year-over-year basis, sales were 9.1% higher. Similar results were recorded nationally.

Canadian Dollar (US¢/C$)	
August 13, 2010	96.14
August 6, 2010	97.34
2010-11 YTD	97.00
WTI Oil US$/bbl	
August 12, 2010	$ 75.74
August 5, 2010	$ 82.01
2010-11 YTD	$ 77.91
Nymex Natural Gas C$/MMBtu*	
Near-month Contract	
August 13, 2010	$ 4.47
August 6, 2010	$ 4.68

*Estimate based on Nymex Futures Market Price

Bankcruptcy

Bankruptcies decline in May...

The total number of bankruptcies (business and personal) in Alberta dropped to 707 in May, with declines in both consumer and business bankruptcies. The number of business bankruptcies was 35, lower than the 5-year average of 46. Meanwhile, the number of personal bankruptcies fell nearly 10% between April and May to 672.

International Merchandise Trade

Deficit widens in June...

Canada's merchandise trade deficit widened from $695 million in May to $1.1 billion in June, as imports declined 1.2% while exports fell by a steeper 2.5%. Exports were pulled down by a substantial 7.1% decline in industrial goods and materials, which accounted for two thirds of the total decline. Energy exports also fell in June (-5.5%), as volumes declined for the fifth time in six months. Exports of petroleum and coal fell 15.0%. Exports of crude petroleum decreased 4.9%, with prices declining by 3.8%.

US Economy

US economic recovery losing steam...

As expected, the Federal Open Market Committee (FOMC) left the target range for the federal funds rate at 0 to ¼ percent and reiterated the fact that economic conditions "are likely to warrant exceptionally low levels of the federal funds rate for an extended period." To provide further support to the economy, the Fed will maintain the size of its balance sheet by reinvesting principal payments from agency debt and agency mortgage-backed securities in longer-term Treasury securities. The Fed expects a more modest pace of economic growth in the near-term as the recovery in output and employment has slowed in recent months.

Current Economic Indicators

	2008	2009	2010YTD*	Feb	Mar	Apr	May	June	July
Population									
Population[1] (000's) (level)	3,596	3,688	3,707	--	--	3,725	--	--	--
% change	2.4	2.6	2.1	--	--	1.6	--	--	--
Net Interprovincial Migraton[1] (level)	15,317	23,006	-6,832	--	--	312	--	--	--
Net International Migration[1] (level)	20,039	20,074	1,477	--	--	6,758	--	--	--
Net Non-permanent Residents[1] (level)	18,536	19,058	-4,332	--	--	48	--	--	--
Labour Market									
Employment (000's)	2,013	1,988	1,987	1,973	1,969	1,979	1,994	2,000	2,009
% change	2.8	-1.3	-0.3	-1.0	-1.0	-0.4	0.3	0.6	1.1
Unemployment Rate (%)	3.6	6.6	6.9	6.9	7.5	7.4	6.6	6.7	6.3
Participation Rate (%)	74.7	74.3	73.2	73.0	73.2	73.4	73.2	73.3	73.1
Average Weekly Earnings ($)	923.21	950.13	984.20	985.99	993.04	993.17	985.17	--	--
% change	6.0	2.9	3.4	2.1	3.0	6.1	4.4	--	--
Price Indices									
Consumer Price Index	3.1	-0.1	1.2	1.0	1.0	1.6	1.1	0.6	--
Excluding food and energy	2.1	1.4	1.0	1.3	0.8	1.4	0.9	0.7	--
Non-Res. Const. Cost Index[2] (quarterly)	13.2	-9.8	-5.0	--	-5.0	--	--	--	--
Farm Product Price Index	11.5	-11.3*	--	--	--	--	--	--	--
Crops	26.7	-22.9*	--	--	--	--	--	--	--
Livestock	2.1	-0.8*	--	--	--	--	--	--	--
Household Sector									
Housing Starts (SAAR, 000's) NEW!	29.2	20.0	29.0	28.6	34.4	29.5	29.7	27.0	29.2
% change	-39.6	-31.6	50.5	142.4	168.8	128.7	107.7	33.0	50.5
New Housing Price Index	0.7	-9.0	-0.2	-1.4	-0.2	1.0	1.6	1.9	--
Edmonton NEW!	1.0	-11.2	-2.2	-3.3	-2.4	-1.0	-0.1	0.6	--
Calgary	0.6	-6.7	1.9	0.4	2.0	2.9	3.1	3.2	--
MLS Average Resale Prices ($ 000's)	351.4	340.5	351.6	348.2	357.9	359.9	355.5	343.6	--
% change	-1.5	-3.1	6.8	5.1	10.3	7.7	7.1	4.0	--
Edmonton	330.8	319.1	323.5	327.6	341.4	332.1	317.9	299.2	--
% change	-2.0	-3.5	4.6	2.6	11.0	8.7	4.4	2.1	--
Calgary	401.1	384.3	399.3	395.1	398.2	401.3	411.5	403.7	--
% change	-2.9	-4.2	6.9	5.2	9.0	6.4	9.2	5.8	--
Retail Sales[3]	0.2	-8.3	5.2	6.6	11.2	5.3	2.4	--	--
New Motor Vehicle Sales NEW!	-7.3	-21.7	9.4	24.0	15.3	6.9	4.7	13.2	--
Consumer Bankruptcies	6,066	9,986	3513	637	776	744	672	--	--
% change NEW!	27.2	64.6	-13.0	-9.8	-18.4	-11.2	-20.7	--	--
Business Sector									
Rigs Drilling	236	128	183	339	219	62	56	118	199
% change	-2.1	-45.6	55.2	42.3	103.5	51.9	76.4	99.0	135.5
Goods Exports (customs based)	34.6	-37.3	20.0	19.6	18.5	27.8	50.1	17.7	--
Energy NEW!	42.5	-41.4	33.4	36.7	32.8	48.8	82.9	24.4	--
Agriculture	32.0	-10.2	-16.1	-20.1	-9.6	-27.6	-5.0	-9.0	--
Total Farm Cash Receipts (quarterly)	17.2	-8.1	-17.3	--	-17.3	--	--	--	--
Manufacturing Shipments	7.0	-21.6	8.7	4.3	9.9	12.9	12.7	--	--
Wholesale Trade[4]	9.5	-15.9	1.2	-2.1	6.3	5.5	7.7	--	--
Building Permits	-16.5	-14.2	25.0	69.1	41.4	28.1	-11.8	31.4	--
Residential	-31.5	-11.8	88.6	172.1	91.3	64.6	90.9	50.6	--
Non-residential	3.7	-16.3	-16.4	4.3	2.0	0.0	-57.7	14.4	--
Business Bankruptcies	447	405	177	30	48	37	35	--	--
% change NEW!	-0.4	-9.4	2.9	-31.8	54.8	54.2	2.9	--	--

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* YTD – year-to-date represents the change since the beginning of the year compared to the same period in the previous year.

[1] Quarterly; annual numbers are presented on a census year basis (July 1 - June 30).

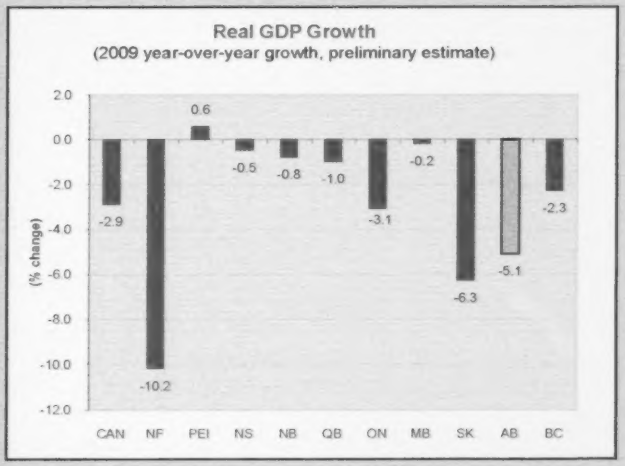
[2] Average of Calgary and Edmonton

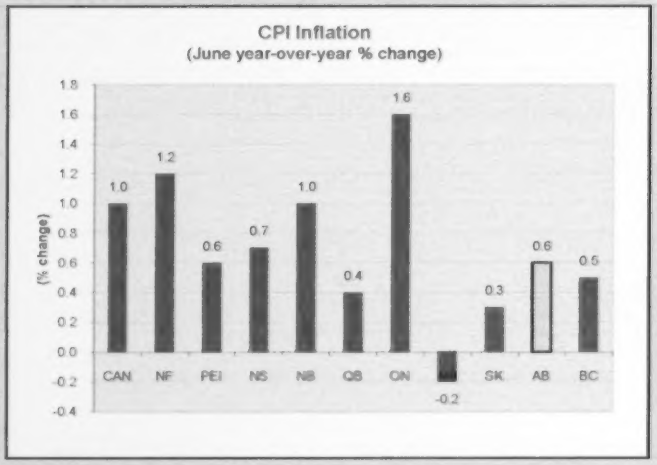
[3] The Retail Sales series was revised on April 23, 2010 and is no longer comparable with numbers in previous Bulletins.

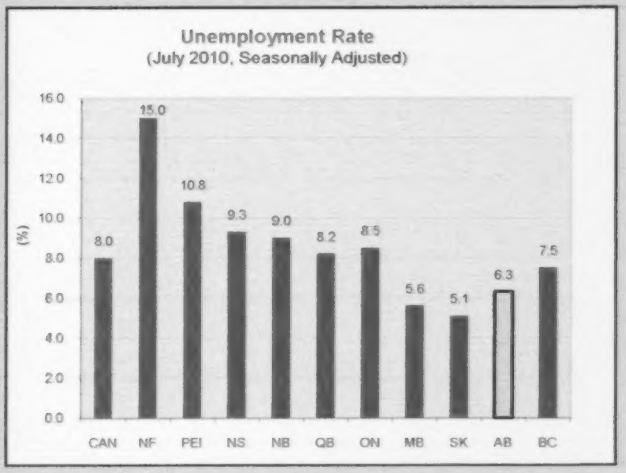
[4] The Wholesale Trade series was revised on April 21, 2010 and is no longer comparable with numbers in previous Bulletins.

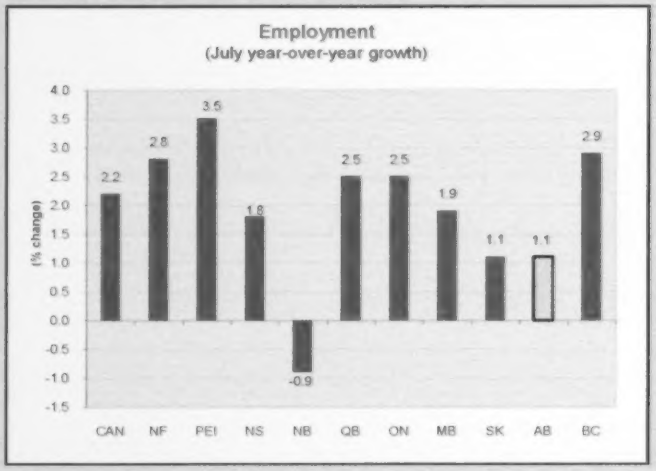
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

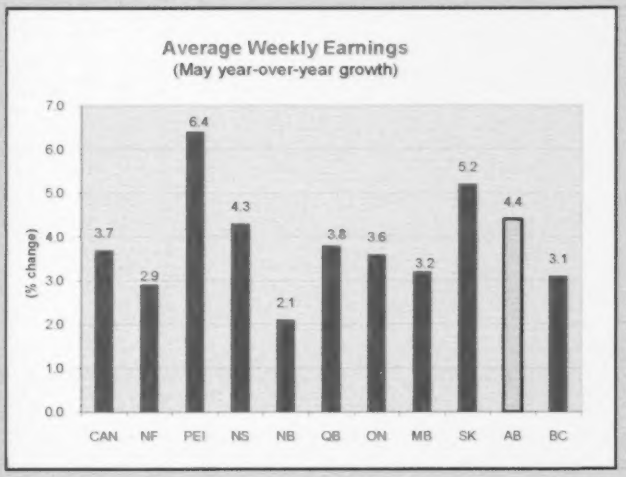
Current Economic Indicators by Province

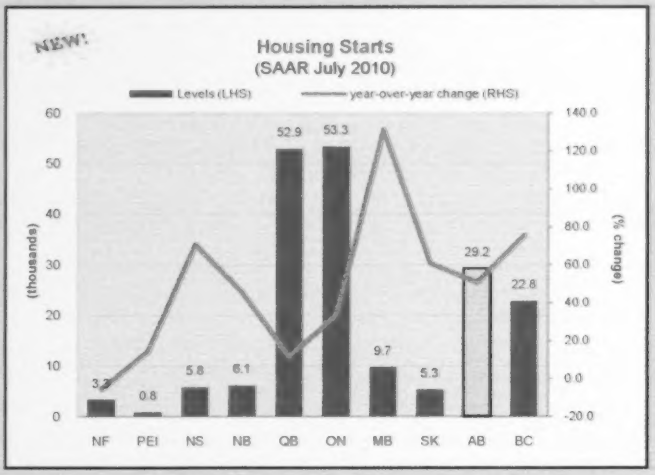












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